

EVENT VIOLATION
INSPECTOR'S STATEMENT
MINERALS REGULATORY PROGRAM

Company/Mine: Allroc Fine Aggregates, LLC/Black Rock Quarry CO # MC-07-01-11
Permit #: M/027/112 Violation # 1 of 1

SERIOUSNESS

1. What type of event is applicable to the regulation cited? Refer to the DOGM reference list of event below and remember that **the event is NOT the same as the violation**. Mark and explain each event.

- | | | |
|-------------------------------------|----|--|
| <input checked="" type="checkbox"/> | a. | Activity outside the approved permit area. |
| <input type="checkbox"/> | b. | Injury to the public (public safety). |
| <input type="checkbox"/> | c. | Damage to property. |
| <input checked="" type="checkbox"/> | d. | Conducting activities without appropriate approvals. |
| <input type="checkbox"/> | e. | Environmental harm. |
| <input type="checkbox"/> | f. | Water pollution. |
| <input type="checkbox"/> | g. | Loss of reclamation/revegetation potential. |
| <input type="checkbox"/> | h. | Reduced establishment, diverse and effective vegetative cover. |
| <input type="checkbox"/> | i. | No event occurred as a result of the violation. |
| <input type="checkbox"/> | j. | Other. |

Explanation: Operator submitted an incomplete transfer for this site, to transfer this project from Rocanville to Allroc. Rocanville had received tentative approval in February of 07, but had not provided the reclamation surety or reclamation contract. Final approval was never issued. On September 19, 2007, the incomplete transfer was returned.

2. Has the event or damage occurred? Yes
If yes, describe it. If no, what would cause it to occur and what is the probability of the event(s) occurring? (None, Unlikely, Likely).

Explanation: While no-one was on site during this inspection (on September 28, 2007), I expected that someone would show up at any time. During the inspection, evidence was observed that mining related activities had occurred within the last few days, and probably earlier that day.

3. Did any damage occur as a result of the violation? No
If yes, describe the duration and extent of the damage or impact. How much damage may have occurred if the violation had not been discovered by a DOGM inspector? Describe this potential damage and whether or not it would extend off the disturbed and/or permit area.

Explanation: _____

B. DEGREE OF FAULT (Check the statements which apply to the violation and discuss).

- ☐ Was the violation not the fault of the operator (due to vandalism or an act of God), explain. Remember that the permittee is considered responsible for the actions of all persons working on the mine site.

Explanation: _____

- ☒ Was the violation the result of not knowing about DOGM regulations, indifference to DOGM regulations or the result of lack of reasonable care.

Explanation: The operator was aware of DOGM regulations as evidence of submitting a transfer for this operation. However, indifference to DOGM regulations is demonstrated by the operator conducting operations prior to receiving approval of the transfer or providing the requisite reclamation surety and reclamation contract.

- ☐ If the actual or potential environmental harm or harm to the public should have been evident to a careful operator, describe the situation and what, if anything, the operator did to correct it prior to being cited.

Explanation: _____

- ☐ Was the operator in violation of a specific permit condition?

Explanation: _____

- ☐ Has DOGM cited the violation in the past? If so, give the dates and the type of warning or enforcement action taken.

Explanation: _____

Was any economic benefit gained by the operator for failure to comply? Yes

If yes explain.

Explanation: The operator was conducting operations without first obtaining a permit or providing a reclamation surety.

GOOD FAITH

GOOD FAITH INFORMATION NOT AVAILABLE AT THIS TIME.

1. In order to receive good faith for compliance with an NOV or CO, the violation must have been abated before the abatement deadline. If you think this applies, describe how rapid compliance was achieved (give date) and describe the measures the operator took to comply as rapidly as possible.

Explanation: _____

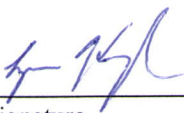
2. Explain whether or not the operator had the necessary resources on site to achieve compliance.

Explanation: _____

3. Was the submission of plans prior to physical activity required by this CO?
Yes If yes, explain.

Explanation: The original LMO for this site did not receive final approval. The transfer form to transfer this project from Rocanville Corporation to Allroc was not complete and returned, there is no reclamation surety or reclamation contract for this project.

Lynn Kunzler
Authorized Representative


Signature

October 29, 2007
Date